

WORLD TRADE ORGANIZATION

WT/BOP/R/47

27 September 1999

(99-3980)

REPORT (1999) OF THE COMMITTEE ON BALANCE-OF-PAYMENTS RESTRICTIONS

1. The Committee consulted with Romania on 1 and 2 February 1999. Members sympathized with the economic difficulties faced by Romania and the seriousness of the balance-of-payments problem. They welcomed the trade liberalization efforts already undertaken by the Government as well as the recent measures introduced to accelerate restructuring and privatization. Members welcomed the fact that the surcharge was a price-based measure, which had been notified promptly, and that a timetable for phase out had been presented. However, Members, noting the number of exemptions, sought clarification regarding the coverage of the surcharge, which affected some 63 per cent of imports. While the conformity of the measure with Article XII of GATT 1994 was recognized, Members recommended that Romania pursue a lasting solution to its balance-of-payments difficulties through fundamental macro economic reform, including fiscal tightening, an appropriate exchange rate policy and rapid economic restructuring. Noting the intention of the Romanian authorities to keep the measure under review and their understanding that the timetable for its elimination might be modified in the light of significant improvement in the balance of payments, the Committee found Romania in conformity with its obligations under Article XII of GATT 1994.¹

2. On 7 May 1999, the Committee consulted with Bangladesh under simplified procedures. Members expressed sympathy for the natural disaster suffered by Bangladesh in 1998. They considered that the conditions of Article XVIII:B had been met. They noted that the full consultations, scheduled for next year, could be held at the same time as the Trade Policy Review of Bangladesh, in May 2000. Members continued to express their desire for clarification of the criteria used, and the rationale behind, the restriction of imports, noting that balance of payments measures are intended to control the general level of imports. Bangladesh was also encouraged to submit a timetable for phase out of the restrictions, as required by the Understanding, as soon as possible, and preferably before the summer break.²

3. On 20 and 21 September 1999, the Committee consulted with the Slovak Republic. Members recognized that the Slovak Republic faced serious economic difficulties and a fragile balance-of-payments situation. Fiscal and current account deficits were unsustainable, external debt had nearly doubled in the last three years and foreign exchange reserves, at less than three months of import coverage, remained at uncomfortably low levels. Members considered that the import surcharge, as a price-based measure accompanied by a phase-out schedule, was consistent with the provisions of GATT 1994. Several Members noted the number of exemptions, designed to promote investment and meet basic needs; some members expressed doubts about the effectiveness of the measure to solve the present economic difficulties. The Committee welcomed the fact that the trade measure was part of a larger package aimed at financial stabilization and accompanied by a concerted effort to undertake macroeconomic and structural reform, which Members recognized as painful and courageous but necessary and long overdue. Members encouraged the Slovak Republic to ensure that

¹ WT/BOP/R/45, 24 February 1999.

² WT/BOP/R/46, 28 May 1999.

the reform process be implemented as planned and even accelerated, if possible. Such a fundamental reform was vital to bringing about lasting stability and would allow the surcharge to be eliminated in line with the proposed timetable, if not ahead of schedule.³

4. Pakistan will consult with the Committee on 17 and 18 November 1999. It has presented a three-year timetable for removal of its remaining import restrictions by fiscal year 2001.

5. Bulgaria eliminated its surcharge on 1 January 1999, in accordance with the timetable.⁴ Tunisia submitted the list of products still subject to restrictions, in accordance with its phase-out schedule which concludes on 1 July 2000.⁵ Nigeria circulated its phase-out schedule, terminating on 1 January 2000, and notified the products freed from prohibition.⁶

³ WT/BOP/R/48.

⁴ WT/BOP/N/38, 7 September 1998.

⁵ WT/BOP/N/43, 28 January 1999.

⁶ WT/BOP/N/44, 10 March 1999, and WT/BOP/N/45, 11 March 1999.